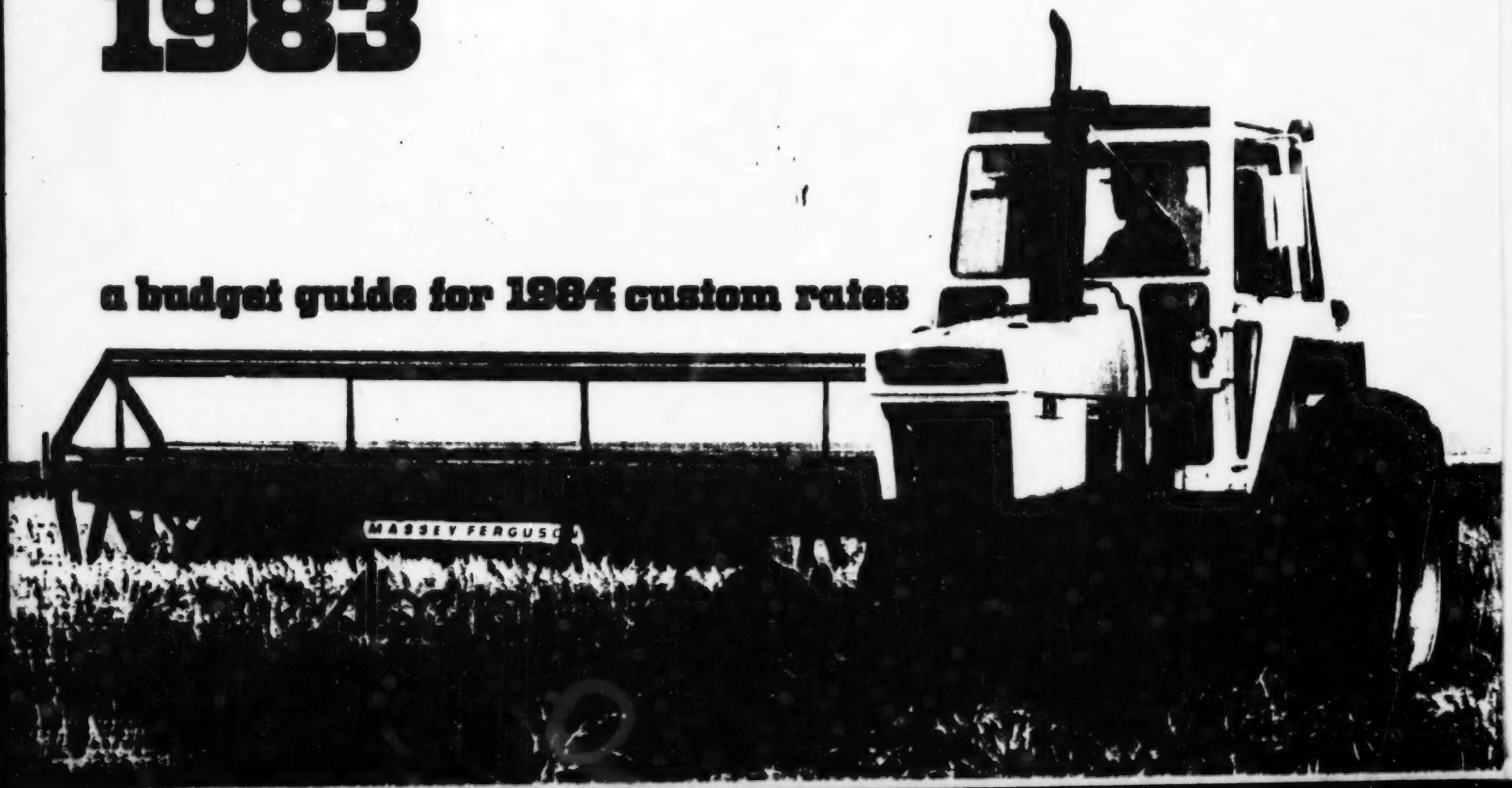
custom rates
annual survey summary
1983

a budget guide for 1984 custom rates



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PREFACE

There has been a growing demand for custom rate information as more and more Alberta farmers become involved in either custom work or land rental. In tight economic times, these alternatives to owning assets have their greatest appeal. As custom and rental agreements are being negotiated, it is useful to know what others are paying or charging for similar services. Since 1977, Alberta Agriculture has annually surveyed custom and rental rates to provide information to farmers and custom operators making custom work and rental decisions.

This publication presents a summary of custom work and land rental rates during 1983. These rates are intended only as a guide for 1984. They are not to be interpreted as the rates you may charge or pay.

This publication is a cooperative endeavor by Alberta Agriculture's Statistics Branch and Farm Business Management Branch. The publication was prepared by Gerd Andres, Farm Business Management Branch from data collected by Janice Bishop, Statistics Branch and Peggy Johnson and Diana Rung, Farm Business Management Branch.

THE DEPARTMENT GRATEFULLY ACKNOWLEDGES THE CONTRIBUTION OF THE FARMERS AND CUSTOM OPERATORS WHO WILLINGLY COOPERATED BY PROVIDING INFORMATION ABOUT THEIR CUSTOM AND RENTAL RATES.

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INTRODUCTION

Many farmers, because of labor requirements, economics or other reasons do not choose to own all farm machinery. Custom services can often be hired as an alternative way to obtain machinery services. This is particularly true where present machinery can not handle the volume in the time available or where annual volume is small.

Custom work can be defined as contracting men, power units, machinery or other equipment for performing specific farm jobs. Depending on the type of custom operator (casual, part-time or full-time operator), custom rates normally include all costs for operating (variable costs) and some or all costs for owning machinery (fixed costs). Additional costs for labor, management and profit may also be included. Costs for materials such as chemicals, fertilizers, seed and extra labor is not included in custom rates unless specified.

Objective

The Annual Custom Rate Survey began as a response to a need for this type of information by farmers, custom operators and agriculturists. Thus, during 1983, Alberta Agriculture's Statistics Branch and the Farm Business Management Branch continued to collect custom rate information in Alberta.

The specific objective of this publication was to organize and report 1983 custom rates for certain custom operations on the farm. No effort was made to evaluate "fairness" of reported rates. The goal was to report what is being charged, not what should be charged.

Sample Size

The reader should note that the sample size is often small and thus, reported rates should only be used as general indications of rates that are being charged for the various custom operations in Alberta. Custom rates in this publication do not replace the necessity to evaluate individual custom operation on their own merit. Custom rates in this publication are not to be interpreted as recommended rates. To calculate and evaluate individual custom operations, worksheets are provided on Page 22 and 23 of this publication.

Use of Custom Rates

Custom rate information can be useful to many people involved in agriculture and other related activities. Farmers may find custom rates useful as a GUIDE for machinery management, budgeting and financial planning for credit needs. Also, custom rates can be useful as GUIDES in negotiating settlements for work performed for neighbors or others. Lenders, educators, government institutions and others doing budgeting

or planning analysis may also find custom rates useful as GUIDES in their work. Custom operators can use the GUIDES to compare their own rate with the market rate in a certain area.

Understanding the Tables

Custom rates for various operations in Alberta are illustrated on pages 5 to 20. The tables are itemized under type of OPERATION surveyed, location where rates apply, most common rates charged in 1982, range of rates charged in 1983 and most common rates charged in 1983. Under the heading LOCATION, six regions were identified. These regions are outlined on the map on the next page. Where the LOCATION is identified as south, central and north, two regions are combined into one location. South consists of Region 1 and 2, Central consists of Region 3 and 4, and North consists of Region 5 and 6.

Custom rates in 1983 for the various operations are shown as RANGE-1983 and MOST COMMON-1983. The rates quoted most often by custom operators are under the heading MOST COMMON-1983. Variations in rates from lowest to highest are under the heading RANGE-1983. The reason for these ranges are due to many factors of which some are listed below.

Lower rates may be influenced by:

a) neighborly work exchange;
b) location of job in relation to home base of custom operator;
c) custom operator's desire to cover variable costs, but not necessarily all fixed costs;
d) use of older equipment which does not reflect current investment cost;
e) the farmer hiring custom services may provide some part of the costs such as: his own labor, meals, fuel, supervision, transportation or other convenience services; and
f) the size of job.

Higher rates may be influenced by:

a) full-time custom operators who are covering all costs;
b) charging what the market will bear;
c) tough jobs requiring extra power, repairs, fuel or time;
d) field conditions such as rocks, rough terrain, obstructions, or high yield crops; and
e) small size jobs.

WOOD
BUFFALO
NATIONAL
PARK
PEACE
RIVER
REGION
• FAIRVIEW
6
NORTH
EAST
REGION
4
• BARRHEAD
NORTH WEST
REGION
5
WILLMORE
WILDERNESS
PARK
JASPER
NATIONAL
PARK
VERMILION •
NORTH CENTRAL REGION
• RED DEER
3
BANFF
NATIONAL
PARK
SOUTH CENTRAL REGION
2
• CALGARY
1
SOUTHERN REGION
• LETHBRIDGE
WATERTON LAKES
NATIONAL PARK
Alberta
CANADA
AGRICULTURAL REGIONS
• REGIONAL OFFICE

HOW TO USE CUSTOM RATE INFORMATION

Rates quoted in this publication for the various custom operations are expressed in numerous ways (per hour, ton, tonne, bale, acres, etc.). Before comparing the various custom operations, always choose the appropriate basis in which to compare. For example, grain harvesting may require a per acre cost as compared to corral cleaning where a per tonne is more appropriate. When custom rates are given in dollars per hour, a person is advised to always convert to a physical unit cost (bushels, tonnes, acres) that is appropriate to that operation. A low cost per hour can be a very high cost per acre, tonne, etc. Thus, analyzing the rates should be done with care.

Since custom rates quoted in this publication may not suit all custom operators and those hiring custom work, it is advisable to calculate ones own custom costs. The worksheets on page 22 and 23 provide a means for doing the calculations.

RATES SURVEYED

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
Ground Seeding	South	$1.50-2.40/AC	$3.00-5.75/AC	[illegible]
	Central	$5.00/AC	$2.50-9.00/AC • $300/Day • $600/Day w[illegible] cultivator	[illegible]
• One Report Surveyed July 1983 Total Reports 12	North	• $6.25/AC	$3.00-5.50/AC	[illegible]
Aerial Seeding	South	$4.00-4.75/AC	• $5.00/AC	• [illegible]
	Central	$3.50/AC	$3.00-3.50/AC	[illegible]
• One Report Surveyed July 1983 Total Reports 11	North	• $2.85/AC	$3.25-4.90/AC	[illegible]
Granular Fertilizer Application Truck Mount, Floaters & Pull-Type	Region 1	$2.50/AC	$1.50-3.50/AC	[illegible]
	Region 2	$2.25-2.75/AC	$2.00-3.00/AC	[illegible]
	Region 3	$2.50-2.75/AC	$1.75-2.75/AC	[illegible]
	Region 4	$2.50-2.75/AC	$2.25-3.50/AC	[illegible]
	Region 5	• $1.50/AC	$1.00-3.00/AC	[illegible]
• One Report Surveyed July 1983 Total Reports 41	Region 6	$2.50/AC	$2.50-3.25/AC	[illegible]
Aerial Granular Fertilizer	South	$2.75-6.00/AC	• $2.50/AC	• [illegible]
	Central	--	• $5.00/AC	• [illegible]
• One Report Surveyed July 1983 Total Reports 4	North	• $3.50/AC	• $3.60/AC • $.03/lb	• [illegible] • [illegible]
Anhydrous Ammonia Application	Region 1	$435-495/Ton	$410-460/Tonne	[illegible]
	Region 2	$475-495/Ton	$385-440/Tonne	[illegible]
	Region 3	$465-495/Ton	$370-420/Tonne	[illegible]
	Region 4	$475-495/Ton	$418-430/Tonne	[illegible]
	Region 5	--	$413-426/Tonne	[illegible]
Surveyed July 1983 Total Reports 27	Region 6	$452-485/Ton	$440-450/Tonne	[illegible]

RATES SURVEYED

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
Herbicide Application				
Truck, Floater & Pull-Type	Region 1	$2.00-2.75/AC	$1.00-3.50/AC	**$2.50-3.00/AC**
	Region 2	$2.20-2.50/AC	$1.75-2.75/AC	**$2.00-2.75/AC**
	Region 3	$1.75/AC	* $2.50/AC	* **$2.50/AC**
	Region 4	$2.25-2.75/AC	$2.25-3.75/AC	**$2.25-3.00/AC**
* One Report	Region 5	$2.50/AC	* $1.75/AC	* **$1.75/AC**
Surveyed July 1983	Region 6	$2.50/AC	$2.50-4.00/AC	**$2.50-4.00/AC**
Total Reports 19				
Aerial Herbicide				
	Region 1	$2.95-3.50/AC	$2.70-5.00/AC $6.30-14.50/AC (includes chemical)	**$3.00-4.15/AC**
	Region 2	$3.00-3.60/AC	$2.25-4.00/AC	**$3.00-3.75/AC**
	Region 3	--	$2.85-[illegible].00/AC	**$2.85-3.00/AC**
	Region 4	$2.50/AC	$2.50-4.00/AC	**$3.00-3.50/AC**
	Region 5	$3.00-3.75/AC	$3.15-4.50/AC	**$3.50-4.20/AC**
Surveyed July 1983	Region 6	$2.75-3.75/AC	$2.50-3.50/AC	**$2.50-3.50/AC**
Total Reports 35				
Cutting & Conditioning Hay				
	Region 1	$8.00-9.00/AC	$5.00-8.50/AC	**$5.00-8.50/AC**
	Region 2	$7.00-8.00/AC	$6.00-9.00/AC	**$6.00-7.00/AC**
	Region 3	$7.00-8.00/AC	$5.00-7.25/AC	**$6.00-7.00/AC**
	Region 4	$7.25-8.00/AC	* $8.00/AC	* **$8.00/AC**
* One Report	Region 5	$6.00-8.50/AC	$5.00-10.00/AC	**$5.00-7.00/AC**
Surveyed August 1983	Region 6	$5.00/AC	$4.00-10.00/AC	**$4.00-10.00/AC**
Total Reports 23				
Stacking and Hauling				
Small Square Bales	South	$.20-.30/Bale	* $.17-.27/Bale	**$.17-.27/Bale**
	Central	$.25-.30/Bale	--	**--**
Surveyed August 1983	North	--	--	**--**
Total Reports 4				

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
Stacking and Hauling				
Round Bales	South	$2.00/Bale	* $2.75/Bale	*** $2.75/Bale**
* One Report	Central	$2.00-2.50/Bale	* $55/hr	*** $55/hr**
Surveyed August 1983	North	$2.00/Bale	$30-100/hr	**$30-100/hr**
Total Reports 6				
Baling				
Round Bales	Region 1	$3.50-5.00/Bale	* $4.50/Bale	*** $4.50/Bale**
	Region 2	$5.00-10.00/Bale	$5.00-5.25/Bale	**$5.00-5.25/Bale**
	Region 3	$5.00/Bale	$4.50-5.00/Bale	**$5.00/Bale**
	Region 4	$4.00-5.00/Bale	* $4.50/Bale	*** $4.50/Bale**
* One Report	Region 5	$5.00/Bale	$4.00-7.00/Bale	**$4.25-5.00/Bale**
Surveyed August 1983	Region 6	$5.00/Bale	$4.00-7.00/Bale	**$4.00-7.00/Bale**
Total Reports 19				
Baling				
Small Square	Region 1	$.25-.35/Bale	* $.25/Bale	*** $.25/Bale**
	Region 2	$.25-.31/Bale	$.27-.30/Bale	**$.27-.30/Bale**
	Region 3	--	$.35-.55/Bale	**$.35-.55/Bale**
	Region 4	$.26-.28/Bale	--	**--**
* One Report	Region 5	$.20-.30/Bale	* $.25/Bale	*** $.25/Bale**
Surveyed August 1983	Region 6	--	* $.40/Bale	*** $.40/Bale**
Total Reports 7				
Harvesting & Hauling Silage (Wet)	South	$125-160/hr	$4.00-6.50/Tonne	**$4.00-6.50/Tonne**
	Central	$115-160/hr	--	**--**
Surveyed August 1983	North	--	$90-130/hr	**$90-100/hr**
Total Reports 6				
Swathing & Harvesting Silage (Wet)	South	--	$5.50-7.75/Tonne	**$5.50-7.75/Tonne**
	Central	--	$3.50-5.60/Tonne	**$3.50-5.60/Tonne**
Survyed August 1983	North	--	--	**--**
Total Reports 5				

RATES SURVEYED

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
Swathing - Silage				
	South	$7.25-7.50/AC	$5-11/AC	**$5-7.50/AC**
* One Report	Central	$4.50-7.00/AC	* $5.60/Tonne	* **$5.60/Tonne**
Surveyed August 1983				
Total Reports 5	North	--	--	--
Harvesting Silage (Wet)				
	South	--	$3.00-9.00/Tonne	**$4.50-7.00/Tonne**
* One Report	Central	--	$3.25-3.50/Tonne	**$3.25-3.50/Tonne**
Surveyed August 1983				
Total Reports 11	North	--	* $5/Tonne	* **$5/Tonne**
Hauling Silage				
	South	--	$1.00-1.60/Tonne	**$1.00-1.60/Tonne**
	Central	--	$1.30-2.00/Tonne	**$1.30-2.00/Tonne**
Surveyed August 1983				
Total Reports 7	North	--	--	--
Combining				
	Region 1	$13-15/AC	$10-22/AC	**$10-22/AC**
			* $80/hr	* **$80/hr**
	Region 2	$12-15/AC	* $12/AC	* **$12/AC**
			$75-125/hr	**$100-125/hr**
	Region 3	$9-13/AC	$10-18/AC	**$10-18/AC**
			$100-110/hr	**$100-110/hr**
	Region 4	$10-15/AC	$12/AC	**$12/AC**
			$85-110/hr	**$85-110/hr**
* One Report	Region 5	* $11/AC	* $100/hr	* **$100/hr**
Surveyed September-October 1983				
Total Reports 24	Region 6	* $15/AC	* $12/AC	* **$12/AC**
			* $100/hr	* **$100/hr**

RATES SURVEYED

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
Combining and Trucking	Region 1	$17-18/AC	$19-25/AC $75-80/hr	$20-21/AC $75-80/hr
	Region 2	$14-15/AC	$18-18.50/AC $120-125/hr	$18-18.50/AC $120-125/hr
	Region 3	$15/AC	* $110/hr	* $110/hr
	Region 4	$15-20/AC	$95/hr	$95/hr
	Region 5	$15-16/AC	* $19/AC $85-100/hr	* $19/AC $85-100/hr
* One Report Surveyed September-October 1983 Total Reports 16	Region 6	* $21/AC	--	--
Grain Hauling	South	$.14/Bu $30/hr	$.14-.15/Bu	$.14-.15/Bu
* One Report Surveyed September-October 1983 Total Reports 6	Central	* $20/hr	* $.10/Bu	* $.10/Bu
	North	* $40/hr	$60-70/hr	$60-70/hr
Grain Swathing	South	$5/AC	$4.25-10/AC	$5.00/AC
* One Report Surveyed September-October 1983 Total Reports 22	Central	* $3/AC	$4.00-7.00/AC	$5.00/AC
	North	$3.00-4.50/AC	$4.50-5.50/AC	$5.50/AC
Grain Drying	South	--	--	--
Surveyed September-October 1983 Total Reports 5	Central	$.13-40/Bu	$.04-.40/Bu	$.04-.40/Bu
	North	$.50/Bu	* $.30/Bu	* $.30/Bu
Cultivating	South	$3.70-4.50/AC	$3.75-4.40/AC	$3.75-4.40/AC
	Central	$2.30-4.00/AC	$4.00-5.50/AC	$5.00/AC
Surveyed October 1983 Total Reports 11	North	--	$1.05-3.50/AC	$3.50-3.50/AC

RATES SURVEYED

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
Discing				
	South	$7.35-8.00/AC	$3.50-6.00/AC	**$3.50-6.00/AC**
	Central	$5.20-5.50/AC	$5.00-7.00/AC	**$6.50-7.00/AC**
Surveyed October 1983 Total Reports 10	North	$3.75/AC	$1.50-7.00/AC	**$4.50-7.00/AC**
Plowing				
	South	$17.00-20.00/AC	$17.00-19.00/AC	**$17.00-19.00/AC**
	Central	--	--	--
Surveyed October 1983 Total Reports 4	North	--	$8.00-12.50/AC	**$8.00-12.50/AC**
Rototilling				
	South	$70-100/AC	$68-86/AC $115-135/hr	**$68-86/AC** **$115-135/hr**
	Central	--	* $75/AC * $100/hr	* **$75/AC** * **$100/hr**
* One Report Surveyed October 1983 Total Reports 6	North	--	--	--
Harrows	Alberta	--	$1.75-2.50/AC	**$1.75-2.50/AC**
Rock Picking		--	$55-59/hr	**$55-59/hr**
Bushing		--	* $60/hr * $90/AC	* **$60/hr** * **$90/AC**
* One Report Surveyed October 1983 Total Reports 8				
Fencing	Alberta			
3 & 4 Wires, Labor		$1200-1800/Mile	$350-1000/Mile	**$350-1000/Mile**
Planking, Labor		--	$1300/Mile	**$1300/Mile**
Pipe Rail		--	$5-10/ft $25/hr	**$5-10/ft** **$25/hr**
Surveyed November 1983 Total Reports 7				

RATES SURVEYED

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
Fencing	Alberta			
4 wires, Labor, Equipment & Material		$3000-6650/Mile	$1.40-1.50/ft	**$1.40-1.50/ft**
8 wires, Labor, Equipment & Material		--	* $2.75/ft	* **$2.75/ft**
Pulling Out Fence		$275-450/Mile	$350-1500/Mile	**$350-1500/Mile**
Pounding Post		$25-55/hr	$25-55/hr	**$50/hr**
* One Report				
Surveyed November 1983				
Total Reports 8				
Grain Processing (Rolling)	South	$12.00/Tonne	$10-22/Tonne	**$10-22/Tonne**
	Central	$7.00/Tonne	$5-10/Tonne	**$5-10/Tonne**
Surveyed November 1983	North	--	$8-18/Tonne	**$8-11/Tonne**
Total Reports 11				
Grain Processing (Grinding)	South	$12.00/Tonne	$9-22/Tonne	**$9-22/Tonne**
	Central	$7.00/Tonne	$5-10/Tonne	**$5-10/Tonne**
Surveyed November 1983	North		$8-18/Tonne	**$8-11/Tonne**
Total Reports 12				
LIVESTOCK HAULING 1983	Miles	Possum Belly Liner	Straightliner	**Body Truck**
	0-50 miles	$103-130/load	$85 + /load	* **$90/load**
	50-100 miles	$140-300/load	$195 + /load	**$2/loaded mile**
	100-200 miles	$260-550/load	$285-375/load	--
* One Report	200 + miles	$2.50-2.75/loaded mile	--	--
Surveyed November 1983				
Total Reports 24				
CUSTOM CORRAL CLEANING	Type of Equipment		Range	
	Loader, 2 Spreaders, 2-3 Operators		$90-160/hr	
	Loader, 1 Spreader, Operator		$40-65/hr	
	1-2 Truck Mount Spreader with Operator		$70-90/hr	
* One Report	* 5000 Gallon Liquid Manure Spreader		$60/hr	
Surveyed November 1983				
Total Reports 13				

LAND BREAKING AND CLEARING

The land clearing and breaking survey was conducted in January, 1984. Sixty contacts were made throughout the province and tabulated below. Please note that these rates (indicated on a per acre basis) can vary depending on bush type, terrain and equipment used.

SOUTHERN ALBERTA		COST PER ACRE 1984	
OPERATION	EQUIPMENT	RANGE	MOST COMMON
Cutting	D6	$70-110	$90
	D7	$80-150	$120
	D8	$90-140	$120
Piling	D6	$70-110	$90
	D7	$80-150	$120
	D8	$90-140	$120
Breaking	10' Rome Disc	$30-50	$40
	12' Disc	$40-60	$45
	3 x 26 Plow	$20-30	$25
	Rotary Plow	$70-75	$70
Root Raking	7 Wheel Rake	$10-15	$10
Dugouts and Road Construction	D7	$90-140	$120
CENTRAL ALBERTA			
Cutting	D6 w/ 15' dozer blade	$70-110	$100
	D7	$80-150	$120
	D8	$110-160	$130
Piling	D6 w/ 15' dozer blade	$70-110	$100
	D7	$80-150	$120
	D8 w/ 20' brush rake	$110-160	$130
Breaking			
Plow	3 x 26 bottom	$30-40	$35
	4 x 26	$30-40	$35
Disc	10' Offset	$30-40	$35
	11' Offset	$35-50	$40
Dugouts, Road Construction & Other Cat Work	D7	$80-150	$120

NORTHERN ALBERTA — COST PER ACRE 1984

OPERATION	EQUIPMENT	RANGE	MOST COMMON
Cutting	D6 dozer blade	$75-120	$100
	D7 dozer blade	$90-150	$135
	D8 dozer blade	$100-150	$135
Piling and Repiling	D6 dozer blade	$75-120	$100
	D7	$90-150	$135
	D8 20' brush rake	$100-150	$135
Breaking	10' disc	$30-40	$40
	12' disc	$40-65	$45
	2 x 26 plow	$30-40	$35
	3 x 26 plow	$30-40	$35
	4' plow	$30-40	$40
Root Raking	7 wheel rake	$10-15	$10/AC
	5 wheel rake	$10-15	$10/AC
		Rented out at $150-175/day	$175/day
Line Clearing, Ditching Road Construction	D7	$100-140	$130
	D8	$100-140	$130

ADDITIONAL INFORMATION FOR LAND CLEARING AND BREAKING

- Estimates for work are usually included in the overall price.
- Transportation of equipment to jobsite is $65-100 for truck. Most custom operators charge one-way transportation only.
- Reduced rates to farmers vs. oil companies very common.
- Forty per cent of those surveyed will work anywhere in province. Sixty per cent prefer local work.
- Fifty per cent of those surveyed hire an operator.
- Operator wages vary from $6-13. $10 is most common.
- Meals and accommodation for operators are usually covered by employer if job is greater than 100 km from origin.

PUBLICATIONS

The following machinery and land rental publications are available from your local district agriculturist office, Print Media Branch, 7000 - 113 Street, Edmonton, Alberta, T6H 5T6, or the Farm Business Management Branch, Box 2000, Olds, Alberta, T0M 1P0.

Capital Cost Allowance - Tables for Quick Calculations

Capital Cost Allowance Provisions After the 1981 Budget, Agrifax November 1982 (FS837-15)

Custom Farming Agreement, January 1981 (Agdex 817-10)

Directory of Custom Operators in Alberta - 1984

Economics of Alternative Methods of Anhydrous Ammonia Application, Agrifax March 1983 (FS825-14)

Farm Machinery Costs As A Guide To Custom Rates, Spring 1984 (Agdex 825-4)

Know Your Farm Machinery Costs, Revised January 1984 (Agdex 825-6)

Land Clearing and Breaking Costs, Revised March 1984 (Agdex 825-8)

Land Leasing Agreements in Alberta, with Worksheets & Sample Forms, 1979 (Agdex 812-4)

Leasing Cropland in Alberta, June 1981 (Agdex 812-5)

Leasing Farm Machinery, Agrifax June 1982 (FS825-13)

Pasture Rental Decision Kit, 1980

Self-Propelled or Pull-Type Combine, December 1980 (Agdex 825-7)

What is a Fair Charge for Custom Work?, Agrifax July 1983 (FS825-15)

MACHINE RENTAL

EQUIPMENT		NUMBER OF REPORTS	RANGE - 1983	MOST COMMON - 1983
Seed Drill (Air Seeder)		1	$3.00/AC	**$3.00/AC**
Anhydrous Ammonia Equipment		6	$70.00-75.00/Tonne	**$70.00/Tonne**
Liquid Fertilizer Equipment		1	$4.00/AC	**$4.00/AC**
Herbicide Equipment (Trucks)		2	$.75-1.00/AC	**$.75-1.00/AC**
Pull-Type		1	$.50/AC	**$.50/AC**
Harrows with Avadex Application		1	$2.00/AC	**$2.00/AC**
Fertilizer (Floater)	South		* $20.00/Day	* **$20.00/Day**
	Central		--	--
* One Report Number of Reports 2	North		* $35.00/Day	* **$35.00/Day**
Fertilizer (Truck Mount)	South		$5-6/Tonne $10-25/Day	**$5-6/Tonne** **$10-25/Day**
	Central		* $2.50/AC	* **$2.50/AC**
* One Report Number of Reports 7	North		--	--
Fertilizer (Pull-Type)	South		$1.00/AC	**$1.00/AC**
	Central		$3.00-5.00/Tonne $.50-3.00/AC $25-40/Day	**$3.00-5.00/Tonne** **$.50-3.00/AC** **$25-40/Day**
* One Report Number of Reports 13	North		* $5.00/Tonne $45-60/Day	* **$5.00/Tonne** **$45-60/Day**
Tractors *		5		
Under 60 PTO H.P.				
60-100 PTO H.P.				
100-180 PTO H.P.				
4 WD				
* Minimum number of hours may apply				

LAND LEASING

Land leasing is an important element of farming today. In 1983 sixty per cent of land rented in Alberta was on a cash basis. In 1983 forty per cent surveyed had a crop share arrangement. The figures reveal an upward trend of fifty per cent in cash rent agreements. At the same time the crop share agreements have reduced fifty per cent. Crop share agreements involve a sharing of risk between landlord and tenant, while cash rent leases leave all risk with the tenant.

The major factors that seem to influence the rental rates for land are:

1) The demand for rental land in the area;
2) Variation in the quality and productivity of land;
3) Transactions at arm's length;
4) The dependability of the tenant;
5) The length and terms of the lease or cash rent agreement;
6) Location; and
7) Who's willing to bear the risk.

The rates listed below are broken into major regions of the province. The variability in the price is basically due to the above factors.

OPERATION	LOCATION	MOST COMMON - 1982	RANGE - 1983	MOST COMMON - 1983
	Region 1	$50-65/AC	$10-50/AC	$35-40/AC
		* $65-90/AC	* $21-80/AC	$50-60/AC
		** 1.5-1.7 Tonnes/AC	** 1.3-5.4 Tonnes	** 1.3-5.4/Tonnes
			*** $80-225/AC	*** $180-200/AC
	Region 2	$30-40/AC	$12-50/AC	$30-40/AC
	Region 3	$25-40/AC	$8-60/AC	$25-40/AC
* Irrigated Land	Region 4	$25-40/AC	$8-40/AC	$20-35/AC
** Payment made in Tonnes of Sugar Beets				
*** Irrigated with Equipment	Region 5	$12-20/AC	$4-55/AC	$18-25/AC
Surveyed April, May, June, July, 1983				
Total Reports 186	Region 6	$20-25/AC	$14-25/AC	$15-25/AC

ADDITIONAL INFORMATION FOR CASH RENT ARRANGEMENTS

- 3% of the agreements were for a 2 year term.
- 11% of the agreements were for a 3 year term.
- 11% of the agreements were for over a 5 year term.
- 26% of the agreements were for a 5 year term.
- 49% of the agreements were for a 1 one year.
- 11% of the surveys did not state a term.

- In Region 1, 65% of all land agreements were on a cash basis.
- In Region 2, 31% of all land agreements were on a cash basis.
- In Region 3, 60% of all land agreements were on a cash basis.
- In Region 4, 71% of all land agreements were on a cash basis.
- In Region 5, 75% of all land agreements were on a cash basis.
- In Region 6, 67% of all land agreements were on a cash basis.

CROPSHARE ARRANGEMENTS

Region	Number of Leases	Cropshare Agreement (Per Cent) Landlord	Tenant	Notes
1	2	20	80	Sugar Beets Only
	2	30	70	Includes Irrigation Equipment
	4	40	60	Tenant Pays All Extras
	2	50	50	--
	1	33	67	Money in Sugar Beets
	13	33	67	--
2	1	50	50	--
	1	40	60	--
	1	33	67	Tenant Pays All Extras
	37	33	67	--
3	1	50	50	Hay Land
	1	33	67	Hay Land
	1	33	67	Tenant Pays All Extras
	14	33	67	--
4	1	40	60	--
	1	33	67	Tenant Pays All Extras
	17	33	67	--
5	3	25	75	--
	10	33	67	--

CROPSHARE ARRANGEMENTS (con't)

Region	Number of Leases	Cropshare Agreement (Percent) Landlord	Tenant	Notes
6	1	25	75	Tenant Picks Rocks
	1	25	75	--
	4	33	67	--

Surveyed April, May, June, July, 1983
Total Reports 119

ADDITIONAL INFORMATION FOR CROPSHARE ARRANGEMENTS

- 1% of the agreements were for a term of 4 years.
- 2% of the agreements were for a term of 2 years.
- 7% of the agreements were for a term of over 5 years.
- 16% of the agreements were for a term of 5 years.
- 28% of the agreements were for a term of 3 years.
- 39% of the agreements were for a term of 1 year.
- 7% of the surveys did not state a term.

- In Region 1, 35% of all land agreements were on a cropshare arrangement.
- In Region 2, 69% of all land agreements were on a cropshare arrangement.
- In Region 3, 40% of all land agreements were on a cropshare arrangement.
- In Region 4, 29% of all land agreements were on a cropshare arrangement.
- In Region 5, 25% of all land agreements were on a cropshare arrangement.
- In Region 6, 33% of all land agreements were on a cropshare arrangement.

CASH RENT - PASTURE

Location	Most Common - 1982	Range - 1983	Most Common - 1983
South	$10-14/A.U.M.	$1.62-15/A.U.M. $1.60-13/AC	$11-14/A.U.M. $1.60-13/AC
Central	$6-8/A.U.M.	$.50-12/A.U.M. $2.20-39/AC	$9-12/A.U.M. $14.50-25/AC
North	$1-6/A.U.M.	$.81-10/A.U.M. $.50-10/AC	$5.75-10/A.U.M. $6.25-10/AC

Surveyed May, June, July, 1983
Total Reports - 46

ADDITIONAL INFORMATION FOR PASTURE LAND

- 4% of pasture land agreements surveyed were for a term of 2 years and 5 years respectively.
- 8% of pasture land agreements surveyed were for a term of 3 years.
- 12% of pasture land agreements surveyed were for a term of over 5 years.
- 44% of pasture land agreements surveyed were for a term of 1 year.
- 28% of the surveys did not state term.

POINTS TO CONSIDER IN A CUSTOM HIRING AGREEMENT

Custom hiring is a business arrangement. As in all business arrangements, the agreement should outline the rights and duties of all the parties involved. A written agreement is advisable to avoid misunderstandings in case of a dispute. The following points should be considered in a custom hiring agreement.

Operations: The agreement should provide a description of the exact operations to be performed by the parties and the machines, materials and labor to be supplied by each party.

Timeliness: Significant losses can occur if an operation is not started or completed on time. To facilitate planning, a custom hiring agreement should include a schedule of operations for both parties. Such a schedule would be subject to weather conditions and crop maturity. Reasonable notice should be provided by each party when circumstances alter the schedule for operations.

Rate Schedule: The custom operator, for each operation to be performed, should stipulate his rate on the basis of acreage, time (week, day, hour) or total operation performed.

Payment: The agreement should stipulate the terms of payment for custom operations. The custom operator should bill the client on completion of each custom operation indicating the actual units (acres, hours, etc.) completed, the rate charged per unit, the total charge and the due date for payments.

Down-Time: The parties should consider a clause in the agreement, regarding responsibility for down-time as a result of machine breakdown.

Termination: The agreement should include a clause for a minimum period of notice for termination. A penalty should be stated for unjustified termination of the agreement.

Liability: The parties should consider a clause stipulating the responsibility for liability claims as a result of damage to personal property.

Management: The custom agreement should secure provisions that the custom operator will employ acceptable management practices in his operations.

For additional information and sample agreements for the above, refer to the publication "Custom Farming Agreement", Alberta Agriculture, Agdex 817-10.

MACHINERY COST WORKSHEET

Machine.....Original Cost.....Annual Hours of Use.....

Replacement Cost .....Sale Value.....Years of Use.....

			Yearly Cost	Hourly Cost
FIXED COSTS (Calculated on Yearly Basis)				
1. Depreciation	= Replacement Cost - Cash Sale Value / Years of Use	$..... - $..... / .....Years	$ _____	
2. Investment Cost	= Original Cash Cost + Cash Sale Value / 2 X Interest Rate	$..... + $..... / 2 X .....%	$ _____	
3. Insurance & Housing	= Original Cash Cost X 1%	$..... X .....%	$ _____	
4. TOTAL FIXED COSTS PER YEAR			$ _____ (A)	
5. TOTAL FIXED COSTS/HOUR	= Total Costs/Year/Hours of Annual Use	$..... ÷ $.....hr		$ _____ (B)
VARIABLE COSTS (Calculated on Hourly Basis) (use following formulas if actual costs are not known)				
1. Fuel Cost	= Litre/Hour X Price/Litre	..... X $..... X	$_____	
2. Lubrication	= Fuel Cost X 15%	$..... X .....%	$_____	
3. Repairs	= Original Purchase Price X Annual Repair Rate / Hours of Annual Use	$..... X .....% / .....hrs		$ _____
4. TOTAL VARIABLE COSTS PER HOUR				$ _____ (C)
5. TOTAL VARIABLE COSTS PER YEAR	= Total Variable Costs/Hour X Hours of Annual Use	$..... X .....hr	$ _____ (D)	

TOTAL COSTS PER YEAR (A+D) = $..... + $..... $ _____

TOTAL COSTS PER HOUR (B+C) = $..... + $..... $ _____

MACHINERY CUSTOM CHARGE WORKSHEET[1]

Operation ..... Power Unit ..... Implement(s) ..... Acres/Hour .....

	Power Unit	Machine 1	Machine 2
FIXED COSTS PER HOUR[2]			
A. Depreciation	$ _____	$ _____	$ _____
B. Investment Cost	$ _____	$ _____	$ _____
C. Insurance & Housing	$ _____	$ _____	$ _____
D. Total Fixed Cost (A+B+C)	$ _____ (P)	$ _____ (R)	$ _____ (S)
E. Total Fixed Machine(s) Costs (P+R+S)			$ _____ (E)
VARIABLE COSTS PER HOUR[3]			
F. Fuel Cost	$ _____	$ _____	$ _____
G. Lubrication	$ _____	$ _____	$ _____
H. Repairs	$ _____	$ _____	$ _____
I. Total Variable Cost (F+G+H)	$ _____ (T)	$ _____ (U)	$ _____ (V)
J. Total Variable Machine Cost (T+U+V)			$ _____ (J)
K. TOTAL MACHINE COST PER HOUR (E+J)		$ _____ (K)	
L. LABOR COST PER HOUR		$ _____ (L)	
M. PROFIT MARGIN (20-50% of Variable Cost + Labor)		$ _____ (M)	
N. FULL COST + PROFIT (K+L+M)		$ _____ (N)	
O. TOTAL CHARGE/ACRE (N ÷ Acres/Hour)		$ _____	

1 May refer to Farm Machinery Costs as a Guide to Custom Rates.
2 Refer to Machinery Cost Worksheet and divide by annual hours of use.
3 Refer to Machinery Cost Worksheet.

CONTACTS	PHONE #	NOTES

METRIC CONVERSION TABLE

1 hectare (ha)	=	2.5 acres
1 kilometre (km)	=	0.625 miles
1 metre (m)	=	3.3 feet
1 centimetre (cm)	=	0.39 inches
1 kilogram (km)	=	2.2 pounds
1 tonne (t)	=	1.1 tons or 2200 pounds
1 tonne (t)	=	36.7 bu. of wheat
	=	45.9 bu. of barley
	=	64.8 bu. of oats
	=	44.1 bu. of rapeseed
1 litre (l)	=	0.22 gallons
1 kilowatt (kw)	=	1.34 horsepower
1 acre	=	.4 hectares
1 mile	=	1.6 kilometres
1 foot	=	.3 metres
1 inch	=	2.5 centimetres
1 pound	=	.45 kilograms
1 ton	=	.91 tonnes
1 bu. of wheat	=	27.3 kilograms
1 bu. of barley	=	21.8 kilograms
1 bu. of oats	=	15.5 kilograms
1 bu. of rapeseed	=	22.7 kilograms
1 horsepower	=	.75 kilowatts

1 kilogram per hectare = 0.9 pounds per acre (approximately)

1 pound per acre = 1.1 kilograms per hectare (approximately)

If a fertilizer recommendation is given in kilograms per hectare and the machine is calibrated in pounds per acre, set the machine at 10% less than the recommendation to obtain the desired rate.

POOR

QUALITY

ORIGINAL